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IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

IN THE MATTER OF THE UNITED EFFORT PLAN TRUST, (Dated November 9, 1942, Amended April 10, 1946, and Amended and Restated on November 3, 1998); and its, TRUSTEES, including known trustees TRUMAN BARLOW, WARREN JEFFS, LEROY JEFFS, WINSTON BLACKMORE, JAMES ZITTING and WILLIAM E. JESSOP a/k/a/ WILLIAM E. TIMPSON and DOE TRUSTEES I THROUGH IX.	UTAH ATTORNEY GENERAL'S PROPOSED SETTLEMENT AND PLAN OF DISTRIBUTION AND REQUEST FOR INSTRUCTIONS TO THE SPECIAL FIDUCIARY Civil No. 053900848 Judge Denise Lindberg
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The Utah Attorney General's Office (the "Utah AG") files
this Utah AG Report of Proposed Settlement and Plan of
Distribution and Request for Instructions to the Special
Fiduciary.

BACKGROUND

The Court has previously issued final decisions reforming

the United Effort Plan Trust (the "Trust or "Reformed Trust") and removing trustees. These decisions are final and non-appealable. The Court has pending the appointment of trustees. Until Trustees are named, the Court has appointed a Special Fiduciary to administer the Reformed Trust.

In its Ruling and Order Re: Various Motions, June 2, 2009, the Court instructed the parties to file a report of the settlement by June 15, 2009, with objections filed by June 30, 2009. In compliance with that Order, the Utah AG files this Notice of Proposed Settlement and Plan of Distribution. At the same time, the Utah AG requests that the Court issue instructions to the Special Fiduciary to negotiate a binding agreement upon terms acceptable to the Court. Pursuant to Utah Code Ann. § 75-7-201(1)(c)(vi), the Court, sitting in probate, has jurisdiction to instruct trustees, in this case the special fiduciary, as to matters involving the Trust.

I. SUMMARY OF PROPOSED SETTLEMENT AND PLAN OF DISTRIBUTION.

Attached as Exhibit A is a copy of a Letter of Intent for the Settlement and Distribution of the Assets of the Reformed Trust ("Proposed Settlement"). The Proposed Settlement reflects the general terms that the Utah AG finds to be acceptable and in

the best interest of the Reformed Trust. At this point, no other party has officially agreed to the terms. However, it does reflect many points acceptable by Trust Participants who align themselves with the Fundamentalist Church of Jesus Christ of Latter-Day Saints, (the "FLDS"). Because of the releases and payment required of the FLDS in the Proposed Settlement, the FLDS must approve the terms if an agreement is to be reached. Other than the FLDS, the Reformed Trust through the Court is the only other party that must approve the terms.

Significant time has been spent to reach this Proposed Settlement. Full days of mediation were held on April 22, 23, 24, and May 22, 2009. Numerous other meetings were also held.

The Utah AG understands that the Proposed Settlement is not complete, perfect, nor fair to all Trust Participants. However, the Utah AG is of the opinion that settlement is in the best interest of the Reformed Trust and the framework of the Proposed Settlement provides the best chance to achieve a settlement. Certainly, the Utah AG remains open to consider all alternatives proposed by interested parties that lead to a settlement acceptable to the Court and the FLDS.

A. The Proposed Settlement Considers All Interests.

The Reformed Trust is charitable. No individual or entity has a vested interest in its assets. The Reformed Trust assets are held for the "just wants and needs" of Trust Participants. Section 4.1. The primary purpose is to secure housing and residences for Trust Participants. Id.

The class of Trust Participants is large. There is not enough residential property to satisfy the just wants and needs of this class. The Trust has spent over \$5 million since the appointment of the Special Fiduciary with no housing having been secured. While much good has been accomplished, no subdivision has been recorded. No distribution of homes has been made. A threatening tort lawsuit remains active. The Reformed Trust is illiquid and heavily in debt. The ability of the Special Fiduciary to administer the Trust and defend its property is a question. Certainly the costs of and impediments to Trust administration can be directly attributed to a large portion of Trust Participants who have not cooperated and who have interfered with the Special Fiduciary's administration. But this fact does not alter the present circumstances of the Trust.

Trust Participants are not a cohesive group. Religious

divides exist. Understandings of "just wants and needs" vary among the class. A judgment must be made as to the amount of Trust assets that should be sacrificed to protect the interests of all Trust Participants. The Utah AG has concluded that the Proposed Settlement represents the best chance to protect the most property for the greatest number of Trust Participants.

The Court is advised that many interested parties contend the Proposed Stipulation favors too heavily the large group consisting of the FLDS. This contention requires precise fairness in a situation where insufficient resources exist to achieve such precision.

B. The Proposed Settlement Provides Housing.

The Proposed Settlement Provides Housing. Those choosing a deed to their home will have that right. Further, Trust Participants who do not have a claim to a home will have the ability to acquire property in a new subdivision within Colorado City boundaries. At the same time, for those participants who do not want a deed, but want to assign their right to a deed, they will have that option.

Much dispute exists among the negotiating parties as to the criteria to distribute the residential property and the scope of

the participants who can make a claim. Future negotiations on these issues is required. Court guidance will be helpful.

C. The Proposed Settlement Protects Trust Assets.

Expensive litigation will be resolved. Liabilities of the Trust will be paid. The Reformed Trust will be defended against and indemnified from the MJ Lawsuit. Other unknown liabilities will follow the remainder and the housing will be protected from such liabilities.

Distrust remains among many of the Trust Participants as to whether the FLDS will honor such commitments in the settlement. However, customary terms in the final agreement can provide for security to ensure that commitments are kept.

D. The Proposed Settlement Provides Stability.

Common property such as Cottonwood Park and the Cemetery will be transferred to a large group of Trust Participants namely, the FLDS. This group appears capable of maintaining and preserving such property in perpetuity.

Some Trust Participants contend that control of the remainder property by the FLDS will exclude use by other Participants. This is a risk not easily addressed when the property in question is not divisible, but requires significant

ongoing maintenance. To balance the needs of the broad class of Participants in the cemetery, burial plots will be set aside for those who may not be affiliated with the FLDS.

E. The Proposed Settlement Satisfies the Original Concerns of the Utah AG.

The Trust will be defended against its tort lawsuits. It will be further indemnified from such lawsuits. The homes will be protected.

II. THE SPECIAL FIDUCIARY SHOULD BE INSTRUCTED TO NEGOTIATE A BINDING AGREEMENT.

The Proposed Settlement combines the resolution of claims with a plan for the distribution of Trust assets. The Utah AG believes that it is in the best interest that the assets be distributed. Indefinite administration by the Reformed Trust of residential property will lead to unrest by occupants and the continued dissipation of Trust assets. A division and distribution of Trust assets must occur.

The Utah AG requests that the Court direct the Fiduciary to negotiate a binding agreement along the terms of the Proposed Settlement, as they may be altered by the Court in its discretion. Once the final agreement is reached with the FLDS, the Utah AG asks that it be approved by the Court under Utah Code

Ann. § 75-7-110(5).

DATED this _____ day of June, 2009.

TIMOTHY A. BODILY
Assistant Attorney General

CERTIFICATE OF SERVICE

I hereby certify that on the ____ day of June, 2009, a copy of the foregoing UTAH ATTORNEY GENERAL'S PROPOSED SETTLEMENT AND PLAN OF DISTRIBUTION AND REQUEST FOR INSTRUCTIONS TO THE SPECIAL FIDUCIARY was mailed, postage prepaid, to the following:

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